Medicare Learning Network
MLN Matters
CMS Centers for Medicare & Medicaid Services
Information for Medicare Fee-for-Service Health Care Professionals

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Hospital Billing for Take-Home Drugs

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Hospitals that submit claims for take-home oral anti-cancer drugs, take-home oral anti-emetic drugs, and immunosuppressive drugs not included in a procedure performed in the hospital.

Provider Action Needed

For oral anti-cancer, oral anti-emetic, and immunosuppressive, take home drug claims that cover more than a single day's supply hospitals, including critical access hospitals (CAHs), must:

- Bill multi-day supplies of take home oral anti-cancer, oral anti-emetic, and immunosuppressive drugs to the appropriate DMERC;
- Bill their fiscal intermediary (FI) for outpatient services when the service includes an oral anti-cancer drug, oral anti-emetic drug or immunosuppressive drug, so long as no more than one day's drug supply (i.e. only today's) is given to the beneficiary, and the beneficiary receives additional services;
- Bill the associated supplying and dispensing fees on the same claim as the drug. Claims for a supplying fee or a dispensing fee not billed on the same claim as the drug that was supplied or dispensed will be denied;
- Bill all take-home inhalation drugs to the appropriate durable medical equipment regional carrier (DMERC), unless the drug is an integral part of a hospital procedure (inpatient or outpatient).

  The appropriate DMERC for claim filing is the DMERC having jurisdiction for the region in which the beneficiary resides. Hard copy claims submitted to an improper jurisdiction, i.e., to a DMERC other than the region in which the

beneficiary resides, will be denied. Electronic claims that are sent to the wrong DMERC will be redirected to the correct DMERC.

Please also note that:

- Immunosuppressive drugs and supplying fees provided by a dialysis facility in the state of Washington are paid by the fiscal intermediary (FI).
- When a beneficiary in a hospital or skilled nursing facility (SNF) non-covered stay, or a hospital/SNF inpatient that has exhausted benefits (type of bill (TOBs) 12x or 22x, respectively) is given a covered oral anti-cancer or anti-emetic drug, or a covered immunosuppressive drug, the hospital or SNF should bill its regular FI.
- Payment to hospitals is dependent on the applicable payment mechanism for the type of hospital (reasonable cost for Tax Equity & Fiscal Responsibility Act of 1982 (TEFRA) hospitals and CAHs, and ambulatory payment classifications (APCs) for hospitals subject to the hospital outpatient prospective payment system (OPPS).

Background

This article is related to CR4301. It clarifies and provides new instructions for hospitals about billing the appropriate DMERC for take-home oral anti-cancer drugs, take-home oral anti-emetic drugs, and immunosuppressive drugs (as well as the associated supplying fees), not included in a procedure performed in the hospital.

It is effective July 1, 2006, for claims from hospitals. Chapter 17, *Drugs and Biologicals* (Sections 80.2.2 and 90.4) of the *Medicare Claims Processing Manual*, was updated to reflect these changes. The article also relates to CR2488 Program Memorandum (PM) Transmittal A-02-123, dated December 13, 2002, which instructed hospitals to bill the appropriate DMERC for immunosuppressive drugs and supplying fees furnished to transplant patients.

That transmittal may be viewed at http://www.cms.hhs.gov/Transmittals/downloads/A02123.pdf on the CMS web site.

Take-Home Drugs versus Drugs Provided to Hospital Inpatients and Outpatients

To separate take-home drugs covered under Part B from drugs provided to hospital inpatients and outpatients, and to permit appropriate payment for drugs included in hospital procedures, the Centers for Medicare & Medicaid Services (CMS) is requiring all hospitals to bill the appropriate DMERC for certain take-home drugs.

When hospitals dispense drugs to Medicare beneficiaries for take-home use, they are functioning as retail pharmacies and billing should be as a retail pharmacy, using the national drug code (NDC) number of the drug and the National Council for Prescription Drug Programs (NCPDP) electronic format.

There is a supplying fee associated with these drugs. However, only the DMERC will pay this fee to a hospital outpatient department. Claims billed to the local FI for outpatients will not be paid the supplying fee. The only way a hospital can receive the supplying fee is to bill the appropriate DMERC for the supplying fee and the drug and, if applicable, any administration fee.

Hospitals must bill the appropriate DMERC for the take-home drugs specified in CR4301 (e.g., multi-day supplies of oral anti-cancer drugs, oral anti-emetic drugs and immunosuppressive drugs, as well as their associated supplying fees). Supplying fees must be billed on the same claim as the drug.

Additional Information

Supplier Number

Hospitals that do not have a supplier number for billing the DMERC, should complete a form CMS-855S and obtain a supplier number from the National Supplier Clearinghouse (NSC).

There are two ways to obtain a supplier number from the NSC:

- Hospitals can call the NSC directly at 1-866-238-9652, and request an application form. The NSC will send them a CMS-855-S. Once the hospital has completed the CMS-855-S, it should be submitted as soon as possible to the NSC at the address indicated on the form.
- Alternatively, hospitals may go to http://www.cms.hhs.gov/MedicareProviderSupEnroll/01_overview.asp on the CMS web site and download the CMS-855-S in Adobe Acrobat format. The application can be completed as a hard copy, and submitted to the NSC.

Once a hospital has its supplier number, the hospital can proceed to bill the appropriate DMERC using the National Council for Prescription Drug Programs (NCPDP) - Telecommunication Version 5.1 and Batch Standard 1.1 - Retail Pharmacy Claims.

This is the Health Insurance Portability & Accountability Act of 1996 (HIPAA) approved telecommunication format for billing drugs. Alternatively, in exceptional circumstances, a hard copy CMS-1500 may be used.

In both cases the actual drug must be listed by National Drug Code (NDC) and the claim must show the units given to the beneficiary. The DMERC will provide specific instructions to hospitals on billing requirements.

Relevant Links

CR2488 Program Memorandum (PM) Transmittal A-02-123, dated December 13, 2002, *Hospital Billing for Immunosuppressive Drugs Furnished to Transplant*, can be found at http://www.cms.hhs.gov/Transmittals/downloads/A02123.pdf on the CMS web site.

CR4301 is the official instruction issued to your FI or DMERC, regarding the changes mentioned in this article. CR4301 may be found by going to http://www.cms.hhs.gov/Transmittals/downloads/R882CP.pdf on the CMS website. The revised portions on the *Medicare Claims Processing Manual,* which provide full details of these changes, are attached to CR4301.

Please refer to your local FI or DMERC if you have questions about this issue. To find their toll-free phone number, go to http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.pdf on the CMS web site.